



STATE SENATOR JASON ALLEN

Serving the 37th District

P.O. Box 30036 • Lansing, MI 48909

PHONE: (517) 373-2413 • TOLL FREE: 1-866-525-5637

FAX: (517) 373-5144 • www.senate.michigan.gov/allen

senjallen@senate.michigan.gov

It is a pleasure for me to share with you some of the recent action the legislature has taken to spur economic growth in our state. The hard work can be best summarized by three words: Michigan Means Business.

Most recently, the Michigan Legislature voted to repeal the Single Business Tax. Repeatedly, the business community has agreed that this is an impediment to our state's growth and the legislature started serious discussion on how to fix one of the biggest obstacles to job creation in our state. Despite the legislature's vote to repeal the SBT, the legislation was vetoed by the Governor.

At the very start of 2006, the legislature took action to dramatically reduce taxes on small businesses, including over \$30 million in tax relief this year alone. While the legislation was vetoed, it has not deterred our mission to get Michigan working. We remain committed to making Michigan the best state in the nation to do businesses and will continue to look at ways to provide further tax relief, limit the regulatory burden and make sure government lives within its means.

As a job provider, your contribution to our community and our state is vital, especially during these challenging times. If there is any way I may be of assistance to you, please do not hesitate to contact me toll-free at (866) 525-5637 or by e-mail at senjallen@senate.michigan.gov.

A handwritten signature in cursive script that reads "Jason Allen". The ink is dark and the signature is fluid.

Jason Allen

Allen Supports Business Relief

Senate Republicans set the agenda early with swift action at the start of the year to provide relief for Michigan small businesses. Small firms are the backbone of our economy, creating two out of every three new jobs. Establishing a more positive business climate helps all our job providers compete. The bills passed by the Legislature would:

PROVIDE TAX RELIEF. Tax rates would be cut in half for more than 32,000 job providers. SB 957 would reduce the alternative rate job providers pay from 2 percent to 1 percent for businesses that have less than \$10 million per year in gross receipts and whose chief executives make

less than \$125,000 per year. Although this bill was vetoed by the Governor, Senator Allen and his Senate Republican colleagues will continue to actively pursue this issue.

Allen Supports Early End to Single Business Tax

This spring, the Michigan Senate took aim at one of the biggest roadblocks to economic development and job growth by voting to move up the elimination date of the Single Business Tax (SBT). Under the legislation, this confusing, burdensome, and job killing tax would have been replaced with business taxes that encourage job creation, investment and economic growth. The bill was recently vetoed by the Governor.

Michigan is the only state to tax the value job providers add to the economy. Currently, a company's tax bill goes up as it hires workers, essentially penalizing the business for creating jobs. **"This tax puts Michigan businesses at a tremendously competitive disadvantage,"** Sen. Allen said. **"It's time to get rid of this job killer and move Michigan forward."** The SBT was first enacted in 1976 at a time when heavy manufacturing dominated the state's economy. It costs job providers about \$1.8 billion annually.



PROHIBIT ERGONOMIC STANDARDS. Proposed mandatory ergonomic rules could cost millions of dollars and create overwhelming compliance burdens for job providers. California is the only other state which mandates these same type of rules. Science doesn't support such standards and Congress overturned them at the federal level in 2001. House Bill 5447 was vetoed.



Michigan Takes Steps to Diversify for 21st Century Economy

As changing economic forces have spurred a decline in manufacturing, it is clear that a strong Michigan depends upon economic diversification. To help fuel this expansion, the Legislature passed legislation to use long term investments to help create a climate for high-tech, high-growth job opportunities.

The legislation allows the state to take a portion of Michigan's annual tobacco settlement revenue to purchase bonds. Known as securitization, it provides an upfront lump sum of money from the tobacco settlement to provide grants and loans to companies involved in the research and commercialization of new products. The plan focuses on four high-growth areas: life sciences, alternative energy, homeland security, and advanced automotive technologies.

Under the program, the state can also invest alongside existing venture capital and private equity funds doing business in Michigan. In addition, the private sector – not the state – will select which individual firms receive an investment. Find out more at www.medc.michigan.org/ttc/tricorridor

Allen Backs Small Business Growth

Along with tax and regulatory relief, Senator Allen and his colleagues looked at many other ways to encourage new businesses and support existing businesses. **Among the recent advances:**

- Public Act 214 of 2005 creates tax incentives for “angel investors” or individuals who provide initial start-up funds for new firms.
- Public Act 213 of 2005 establishes a product development pipeline to assist in bringing life science products to market.
- Public Acts 275 and 276 of 2005 expand and improve the tool and die recovery zone program. The new laws build on earlier Senate Republican efforts to support these important small businesses.
- Public Act 144 of 2005 gives a boost to local businesses and the tourism industry by requiring public schools to start after Labor Day.
- Public Acts 217, 218, 219 and 220 of 2005 provide for the expedited filing of certain business documents by e-mail or over the internet.
- Public Act 212 of 2005 significantly reduces fees for businesses when the business incorporates and authorizes the sale of stock, or when the business increases the number of shares.

Travel Funding Gets Shot in the Arm

With the hospitality industry playing such an important role to the economy of northern Michigan, a recent agreement over tourism marketing will be a needed boost to promote the area to visitors.

The state would spend \$15 million over two years for tourism marketing by Travel Michigan, from funds provided as part of the 21st Century Job Fund.

The tourism industry is very critical to northern Michigan's economy and with those funds being made available sooner rather than later, we will see increases our tourism trade and the resulting benefits to our local economy.

Michigan needs to make an investment in attracting people to our state. Michigan has a lot to offer our own residents and those of other states, but we need to increase our efforts of getting that message out.

Providing a bigger push in a shorter time on advertising will give a faster jumpstart to the tourism industry and the jobs it creates, which will then help local and state economies.



State Senator

Jason Allen

P.O. Box 30036
Lansing, MI 48909-7536

PRSRT STD
U.S. POSTAGE
PAID
LANSING, MI
PERMIT NO. 1200

Business on the Web

- Do bad rules or unnecessary red tape add to your cost of doing business in Michigan? Share your concerns at senjallen@senate.michigan.gov.
- Want to do business with the state of Michigan? Visit www.michigan.gov/dmb for information on everything from the competitive bid process to state surplus sales.
- Services for new and existing businesses that can be tailored to individual businesses, including incentives and financing, are offered through the Michigan Economic Development Corporation. Go to www.medc.michigan.gov.
- From technical assistance to loan information, the Small Business Administration (SBA) offers programs and services to help small business succeed. Find out more at www.sba.gov.
- Search for lost or forgotten personal and business assets at www.michigan.gov/treasury. Follow the Treasury Quick Link to Unclaimed Property.
- The new Federal Energy Policy Act provides tax credits for certain commercial and residential energy improvements installed in 2006 and 2007. Find out more at www.michigan.gov/energyoffice.



FREE E-UPDATES WITH *THE JASON ALLEN NEWS!*

Electronic mail is a fast and convenient method to send information to interested citizens. Senator Allen sends a periodic e-newsletter on local and legislative matters called *The Jason Allen News*. If you would like to receive these e-updates, please send a short note to senjallen@senate.michigan.gov.